

THE GEORGE WASHINGTON UNIVERSITY  
Washington, DC

MINUTES OF THE SPECIAL MEETING  
OF THE FACULTY SENATE HELD ON  
FEBRUARY 3, 2006 IN THE MARVIN CENTER, ROOM 405

**Present:** President Trachtenberg, Vice President Lehman, Registrar Amundson, and Parliamentarian Johnson; Deans Brown, Frawley, Phillips, and Tong; Professors Artz, Biles, Cordes, Gallo, Garris, Griffith, Kim-Renaud, Klaren, Miller, Robinson, Rycroft, Shen, Simon, Vergara, Wilmarth, and Zea

**Absent:** Deans Futrell, Katz, Lawrence, Scott, and Whitaker; Professors Briscoe, Castleberry, Delaney, Englander, Friedenthal, Gupta, Helgert, Marotta, Mueller, Pagel, Robin and Wirtz

**CALL TO ORDER**

The meeting was called to order by President Trachtenberg at 2:15 p.m., who began by congratulating the men's basketball team for their winning record thus far. The President then called upon Professor Lilien F. Robinson, Chair of the Faculty Senate Executive Committee, who explained that the Special Meeting had been planned by the Senate's Fiscal Planning and Budgeting Committee (FP&B), the Senate Executive Committee, and Executive Vice President for Academic Affairs Donald R. Lehman. She said that the focus of the meeting would be the Fiscal Year 2007 budget and current assumptions, projected shortfalls, and their impact on academic and administrative operations, along with ways of closing an anticipated gap between revenues and expenditures. Professor Robinson noted that the agenda for the meeting called for presentations from Vice Presidents Katz, Chernak, and Lehman, each of whom was expected to speak for 15 minutes in the context of their particular areas of responsibility. The two Committees provided questions to the Vice Presidents in advance of the meeting to be addressed as part of their remarks. Copies of these questions were distributed and posted on the Faculty Senate website. Professor Robinson requested that comments, questions, and discussion follow the presentations. She then yielded the floor to Professor William B. Griffith, Chair of the Fiscal Planning and Budgeting Committee, who spoke briefly on behalf of his Committee.

Professor Griffith reported that this year the Senate Fiscal Planning and Budgeting Committee was able to obtain budget data on the forthcoming budget for Fiscal Year '07, rather than just information on the budget for the current fiscal year. Because the FY '07 budget estimates showed a projected gap between anticipated revenues and expenses, the Committee had suggested that a Special Meeting be convened so that the Senate could arrive at a general understanding of the problems the University faces, and could reach some consensus about reasonable solutions.

By way of introducing Executive Vice President and Treasurer Louis H. Katz, Professor Griffith said he thought there is a general understanding that the University has raised enrollment about as high as it possibly can, and there is also currently a classroom shortage. Tuition costs are already high, and cannot be increased much more. So one question going forward is where new revenues will be found for University use. The value of the endowment has fluctuated up and down over the past few years, and the Board has cut the payout rate so that money previously used to improve classroom facilities is no longer available. In addition, the University's debt has increased quite rapidly, and even though a portion of that debt service is covered by income streams from the residence halls and auxiliaries, there is still a significant portion which is not.

Executive Vice President and Treasurer Louis H. Katz distributed his Report entitled "State of the Development of the FY 2007 Budget and the "Gap," along with a Schedule of Exhibits: A. FY 06 Second Quarter Budget Status Report; B. FY 06 Second Quarter Debt Management Report; and C. FY 06 Second Quarter Endowment Management Report. (The Report and Exhibits are attached.)

Vice President Katz began by referring to the University's 2004-05 audited Financial Report which had previously been distributed to the Senate. This Report shows that total revenues for the University were \$846 million. This is the same figure that Vice President Katz's Report on the 2007 Budget uses as a starting point. Vice President Katz then reviewed the way in which the University's total operating revenue [funds available to support day to day operations] is calculated, along with an outline of the manner in which operating expenses deducted from revenues produced an operating surplus last year of \$300,000.

Vice President Katz then reviewed those parts of his Report which describe the preliminary FY 07 budget; based on current estimates, operating expenses are projected to increase 4.7% next year, while the rate of revenue growth will only increase by 1.6%. There will also be a 9% increase in "below the line" items in FY 07 which will include a \$2.5 million increase in debt service. The estimated shortfall for FY 07 is between \$10 and \$12 million, and the "gap" is largely the function of expenses growing at a faster rate than revenue.

Vice President Katz also reviewed key debt management strategies, information on the University's endowment and funding for initiatives under the Strategic Plan for Academic Excellence. He also explained the types of reserves (Operating, Interest rate, Capital, and Fixed Price Tuition) the University maintains. An illustration of Undergraduate Fixed Price Tuition Reserve Funding is included in his Report.

Vice President Katz summed up his presentation by saying that the major reason for the gap is that revenues are not growing as fast as expenses. Going forward, the University will have to identify additional revenue (for example, from tuition, fundraising, or additional net from auxiliaries), find ways of reducing the rate of expense increases, and identify an appropriate balance between capital budget requirements and borrowing capacity, which would include examining the debt strategy to see how much of the debt service is derived from operations, how much from fundraising, and so on. Relief will also have to be provided to the operating budget.



Vice President Katz specifically addressed the third question about revenue from Square 54 by saying these funds would help to build a Science Center because they would cover part or all of the debt service connected with the building. He added that a cash flow will be required for operating expenses for the Center, and for programs that are housed there. He also emphasized that an overall debt strategy is very important, as presently 85% of the University's capital projects are funded by debt. Even if fundraising were wildly successful and this reliance on debt was reduced to 50%, the University would still be primarily debt-dependent for capital projects.

#### ROLE OF FINANCIAL AID WITH RESPECT TO OUR RECRUITMENT AND RETENTION OF STUDENTS

Senior Vice President for Student and Academic Support Services Robert A. Chernak distributed his Report, entitled, "The Major Role of Financial Aid in Undergraduate Enrollment Management – Is There Flexibility in the Discount Rate?" (The Report is attached.)

Vice President Chernak's remarks followed the outline of his Report. He briefed the Senate on the purpose of student financial aid, the discount rate, and described the portion of student aid distributed on the basis of need (as opposed to merit). He also reviewed the number of undergraduate students receiving financial aid, and their average aid awards for this year. He outlined some of the pressures impacting the student aid budget, one example being that only \$1.7 million in annual support is derived from restricted and endowed funds, and the other \$110 million comes out of the University's unrestricted Operating Budget. He also gave an overview of trends affecting family resources and their availability to contribute to the cost of a GW education. He described the manner in which students demonstrating financial need are awarded grant, or "free" money and how much aid is derived from loans and/or work-study (self-help). Also included in Vice President Chernak's Report are guidelines governing GW's Merit Scholarship Program for 2006-07, figures detailing how much student aid was distributed this year to the entering freshman class, and a comparison of gross tuition, net revenue, and the discount rates for freshmen, including statistics for 2004-05 to 2005-06.

Vice President Chernak concluded his report by enumerating challenges affecting the area of student financial aid. He also provided information about college enrollment and the financial aid distribution of the entering class of 2005 (which shows differing discount rates in the various Schools – the overall discount rate is an average). A number of changes in student aid policy which will be undertaken to control expenditures was also included in the Report, along with information on the challenges involved in attempting to reduce the discount rate for next year to realize more net revenue from tuition.

#### STATE OF ACADEMIC AFFAIRS – DATA, STRATEGIC ACADEMIC PRIORITIES AND IMPACTS ON PRIORITIES

Executive Vice President Donald R. Lehman began by reviewing key aspects of the University's Strategic Plan for Academic Excellence, emphasizing that Academic Affairs is carefully benchmarking progress using metrics described in the Plan. Next, he offered data

on undergraduate, and graduate (on and off campus) enrollment. The size of the freshman class, approximately 2,400 students for the past five years, is approximately 48% larger than it was in 1996, and GW's undergraduate population of 9,435 students is approximately 59.3% larger than it was in 1996. Most of the increase has taken place in Columbian College of Arts and Sciences, followed by the Elliott School of International Affairs, the School of Business, and the School of Engineering and Applied Science. These enrollment trends require increased course sections in Arts and Sciences because freshman and sophomore students in these four schools complete many of their requirements there.

Vice President Lehman then described retention trends over the past ten years which have improved from a level of 88% in 1996 to 92% presently. He also described graduation rates and provided information on class sizes and distributions. Higher enrollment at all levels has meant that 366 more class sections were taught in Fall, 2005 than in Fall, 1988, a 13.5% increase. Through addition of these extra sections, class size has remained relatively stable over time.

Vice President Lehman also recapped information concerning the composition of the faculty (active-status, and limited service), which he initially provided at the January, 2006 Senate meeting. Over the period 1995-2005, the number of regular, tenured or tenure-accruing active-status faculty has increased by 17.7%; the number of regular, non-tenured or tenure-accruing active-status faculty, 67.7%, and the limited service faculty (excluding Research, Visiting and Affiliated, and the Law and Medical Center) 19.3%. Vice President Lehman's Report also presented information on teaching loads. The full-time faculty, both tenured/tenure-track, and non-tenure-accruing, teach the majority of students. A breakdown of information on teaching loads is given on Slide 43 of the Report.

Finally, Vice President Lehman presented information on the Academic Budget Plan for FY 07. Even though GW is a tuition-dependent institution, the risks associated with this are reduced by strong demand at the undergraduate and graduate levels, with an associated increase in undergraduate and graduate applications. He further touched on other factors comprising the budget planning environment, including the three primary Strategic Planning priorities: the Writing Program, Signature Programs (7), and Graduate Student Support, and Priorities submitted by the Deans and other academic units. The College of Professional Studies will receive funding next year to support its assumption of responsibility for academic programs at the Virginia campus. (The Report is attached.)

Professor Griffith inquired about obtaining some budget relief from auxiliary enterprises. Vice President Katz said that these produce net revenues, and it is hoped they will continue to do that.

Professor Bernard Wood was recognized and said he wanted to congratulate the Senate for asking that budget information be made available. He also congratulated the administration for providing it. Professor Wood said that for the first time since he joined the University in 1997, he understands what makes the University work, and the pressures upon it. President Trachtenberg spoke briefly about these pressures, which many educational institutions face, which include cutbacks in financial assistance to students and changes in overhead for research. In this climate where the University's business model faces pressure from many sides, it is necessary to seek other sources of income, or reduce

expenses. The President then commented briefly on GW's endowment, which has quadrupled over the last 18 years. GW's yield on its endowment is approximately 12.5% compared to the national yield of 9.5%, but obviously a larger endowment would be of benefit to the University. Another major capital campaign needs to be launched in order to raise funds to increase the endowment. Adjustments to the University's business model, such as adopting a 4x4 curriculum, and better use of the University's facilities during the summer months, deserve serious consideration.

Professor Simon said that he did not understand why there is a projected budget gap when tuition charges and the number of students have increased significantly. Discussion followed on this subject between the President, Professor Simon, and Vice Presidents Katz and Chernak about the University's debt structure, leverage, and tuition revenues.

A short discussion followed between Professor Wilmarth and Vice President Katz concerning some of the variances in the budget, including tuition revenues which would apparently exceed projections, gifts and contributions which amount to \$5 million less than projected. There are also significant increases in purchased services and support and investment expenses. Vice President Katz attributed the increase in the former to the high demand for tradespeople and a resulting scarcity and increase in expenses. Professor Wilmarth asked if in future years there would be a constant budget crisis. Recapping his presentation, Vice President Katz said that expenses for the past five years have grown about 5% per year, while revenues were growing at about 8% per year. With revenues expected to grow in future at about 1.6% per year, if the gap is not funded on a permanent basis, there will be still problems every year.

Professor Wilmarth asked if yet another [fourth] salary deferral was likely. Vice President Katz responded that it was unlikely, because as of January, 2007, the University has built into its budget model funds which would provide approximately 4% annual salary increases.

There being no further questions, President Trachtenberg thanked everyone for coming to the meeting, the purpose of which was to bring more transparency to the budgeting process, and better inform the faculty about issues having a bearing on choices the University must make going forward. Professor Wood was again recognized, and said he thought that the meeting had been constructive in keeping the faculty more fully informed about budget matters and would help secure faculty cooperation with administrative initiatives in the future.

In conclusion, on behalf of the members of the Fiscal Planning and Budgeting Committee, Professor Griffith thanked the Vice Presidents for the extensive information provided.

Upon motion made and seconded, the meeting was adjourned at 5:31 p.m.

*Elizabeth A. Amundson*

Elizabeth A. Amundson  
Secretary



THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON DC

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State of the Development of the FY 2007  
Budget and the “Gap”

Office of the Executive Vice President and Treasurer

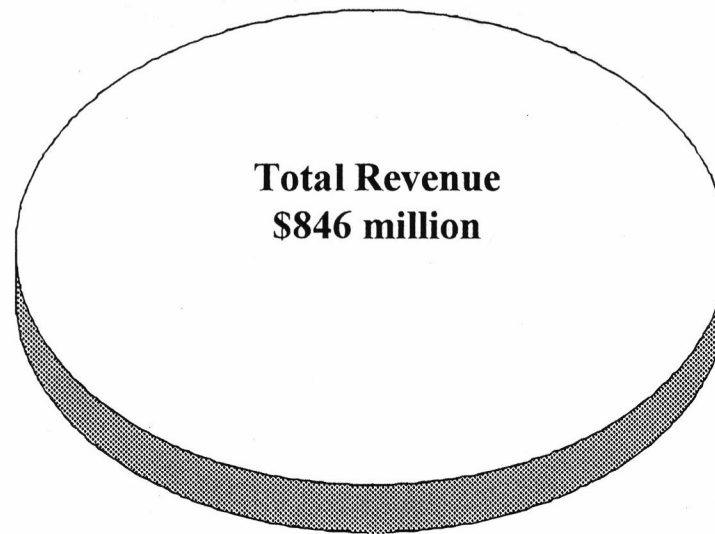
February 3, 2006

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# Background – Total University Funds

Last year, the University's total revenue was \$846 million. This figure includes:

- ❖ Appreciation on the University's endowment
- ❖ Other funds (e.g., contributions to the endowment) not available to support day-to-day operations

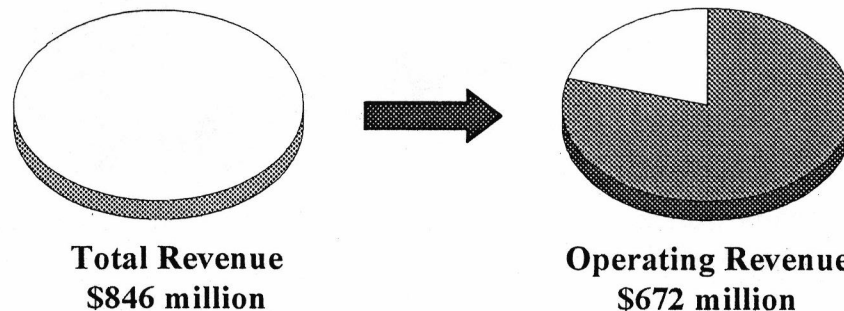




# Background – Total University Operating Funds

By excluding these items, you arrive at the University's total operating revenue – those funds available to support day-to-day operations. Last year, the University's operating revenue was \$672 million. This figure represents both University and Medical Center revenue and includes:

- ❖ Tuition Revenue
- ❖ Revenue from student housing, parking and other auxiliary enterprises
- ❖ Sponsored research revenue (payments for direct costs and overhead)
- ❖ Gifts that are immediately expendable, including those restricted for specific purposes by donors

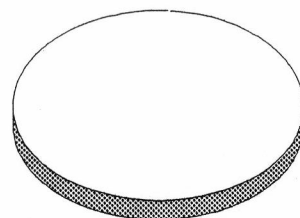


# Background – Total University Operating Budget

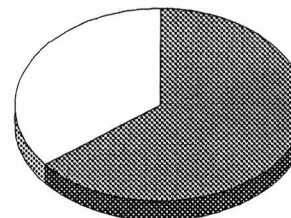
Because revenue related to the direct costs of sponsored research is pass through money, it is not included in the University's operating budget. Medical Center activity is budgeted separately and is also excluded from the University's operating budget. Once these items are removed, the University's (non-Medical Center) operating revenue for last year was \$467 million.

Over the past five years, the University's operating revenue has increased \$124 million. This represents an average annual increase of 8.1 percent. Almost 90 percent of the increase is attributable to tuition revenue:

- ❖ 1/3<sup>rd</sup> from enrollment growth
- ❖ 2/3<sup>rd</sup> from tuition increase



**Total Revenue**  
\$846 million



**Operating Budget Revenue**  
(non-Medical Center)  
\$467 million

## Background – Total University Operating Budget

The University's operating expenses for last year were \$414 million. Over the past five years, the University's operating expense has increased \$72 million or an average of 5 percent annually.

The University's operating revenue and expenses exclude four items that are reported separately ("below the line") on the University's financial statements. These items include:

- ❖ Transfers from the endowment to support operations (\$25 million last year). These are an additional source of funds for the budget.
- ❖ Transfers out of operations for debt service (\$34 million last year).
- ❖ Amounts to purchase furniture and equipment and for library acquisitions (\$12 million last year).
- ❖ Transfers out of operations for capital project funding and capital reserves (\$31 million last year)

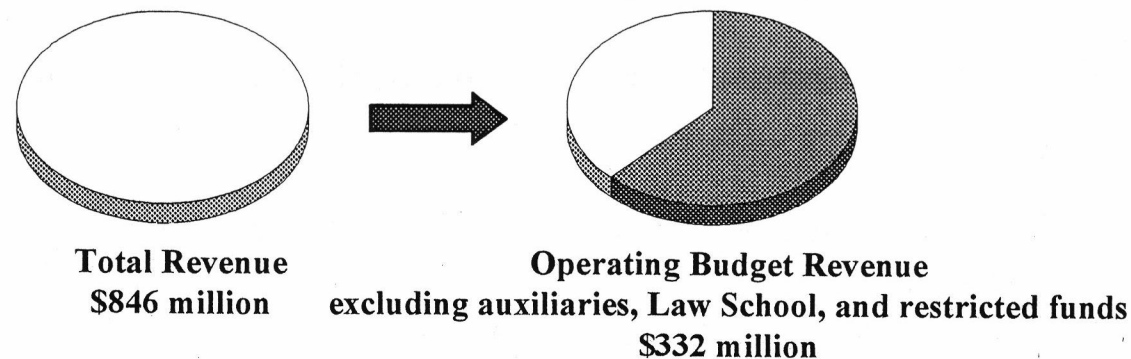
Once these below the line items are included, the University ended last year with an operating surplus of \$300,000.

# Background – Total University Operating Budget

The University's FY 05 operating budget results we have reviewed include about \$135 million in revenue from:

- ❖ Auxiliary enterprises
- ❖ The Law School
- ❖ Restricted funds (primarily R funds) that are used for one-time purposes rather than to support ongoing operations

Excluding these activities provides a clearer picture of the operating budget going into next year.



# Preliminary FY 07 Budget

In the current year, the University's operating revenue, excluding these items, is \$350 million. Tuition revenue accounts for 95 percent of this revenue. Based on current estimates, revenue for next year is projected to grow \$5.6 million or 1.6 percent. This is well below the annual growth in prior years and reflects a decline in enrollment relative to the current year budget:

- ■ ■ About 250 undergraduates (-2.6 percent)
- ■ ■ About 200 on campus graduate students (-3.5 percent)



# Preliminary FY 07 Budget

The University's operating expense budget for the current year, excluding the Law School, auxiliary enterprises and restricted funds, is \$348 million. The budget is allocated as follows:

- ❖ \$240 million for compensation (69 percent of the total).
- ❖ \$42 million for occupancy costs (utilities, maintenance and operations, leased space, etc.). This represents 12 percent of the total budget.
- ❖ The largest expenses of the remaining \$66 million (19 percent) include:
  - ❖ \$15 million for computer and software leases and maintenance
  - ❖ \$13 million for pass through payments to other institutions that provide education programs to our students (e.g., Study Abroad)
  - ❖ \$6 million for graduate stipends
  - ❖ \$4 million for student bad debt
  - ❖ \$3 million for insurance and legal expense

## Preliminary FY 07 Budget

Based on current estimates, operating expenses are projected to increase \$16.5 million (4.7 percent) next year. While the rate of expense growth is below prior years, it is 3 times more than the rate of revenue growth next year.

The increases include:

- ❖ \$13.2 million for compensation. This represents a 5.5 percent increase over the current year and assumes 4 percent merit increase for faculty and staff effective January 1, 2007.
- ❖ \$2.8 million for occupancy costs. This represents a 6.7 percent increase over the current year and includes \$1 million for Duques Hall operating costs. Excluding the Duques Hall increase, occupancy costs are projected to increase 4.3 percent next year.

## Preliminary FY 07 Budget

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The major change in the “below the line” items next year is a \$2.5 million increase in debt service. This represents a 9 percent increase over the current year and includes about \$1.4 million for Duques Hall and related projects.

Overall, based on current estimates, there is a shortfall of between \$10 and \$12 million for next year. As noted earlier, the “gap” is largely a function of expenses growing at a faster rate than revenue.

# Debt Management

The University relies primarily on debt to finance its capital budget. Approximately 85 percent of the current capital budget is funded by debt.

The University's current debt management strategy is aimed at ensuring we have adequate capacity for future borrowing requirements, such as a Science building. This requires that we continue to amortize current debt at a prudent rate. Paying down our current debt also demonstrates to ratings agencies that the University has the fiscal discipline to meet future debt obligations.

Current annual levels of debt service can be reduced if:

- ❖ Fundraising is used to fund future capital projects
- ❖ We defer capital projects

# Endowment and the Strategic Plan

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To provide additional funding for the Advancement Office and Strategic Plan initiatives, the University is proposing a change to the base used to determine endowment payout.

Under the approved payout policy, the annual increase to payout is capped at the CPI increase for the Washington-Baltimore Metropolitan area for the last year. Based on this policy, the FY 06 payout is approximately 4.5 percent of the year-to-date average market value of the endowment.



# Endowment and the Strategic Plan

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The University is proposing that FY 07 payout, in absolute dollars, equal 5 percent of the market value of the endowment as of March 31, 2006.

Next year's payout will be the base for endowment payout going forward. Increases in subsequent years will continue to be subject to the current policy of capping the annual increase based on CPI increases.

# Endowment and the Strategic Plan

Based on the endowment market value as of December 31, 2005, the change in the payout rate would yield approximately \$4.3 million in additional revenue above the current base.

## Impact of Proposed Change in Payout

(Dollars in Thousands)

	FY 06 Estimated	FY 06 @ 5%	Additional Payout
Market Value of Endowment as of December 31	\$850,891 <sup>(1)</sup>	\$879,000 <sup>(2)</sup>	
Annual Payout	\$38,383	\$43,900	\$5,517
Payout Rate	4.5%	5.0%	
Distribution Using Current Base			\$1,200
Balance From Increment to Base			\$4,317
University			\$3,237
Medical Center			\$1,080

(1) Year to date average market value (July-December)

(2) Market value as of December 31, 2005

# Endowment and the Strategic Plan

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The additional funds would be allocated to achieve two objectives:

- ❖ \$1 million will be allocated to the Advancement Office to bolster fundraising efforts, with the goal of raising additional funds for the endowment.
- ❖ The remaining funds will be set aside in a Strategic Plan Investment Pool to provide an incentive for schools to implement programs to further Strategic Plan goals.
- ❖ The Pool will be allocated based on competitive proposals submitted by the schools that demonstrate:
  - How the proposal will further Strategic Plan objectives
  - A commitment to reallocate existing resources in support of the proposal

Other strategies will also be developed to increase funding for the Strategic Plan.

# Endowment and the Strategic Plan

If the concept is approved by the Board next week, the Budget proposal submitted to the Board in May will include benchmarks for measuring the impact of the additional investment in the Advancement Office and the Strategic Plan.

# Reserves

There are several types of reserves the University maintains. These include:

- ❖ Operating reserves for contingencies that arise out of operations (e.g., allowances for doubtful accounts and claims against the University)
- ❖ Interest rate reserves are funded by annual interest rate savings that are transferred from operations.
- ❖ Capital reserves. These reserves are funded primarily by transfers from operations and are used to pre-fund capital projects. They provide another source of funding for capital projects and reduce borrowing requirements.
- ❖ The Fixed Price Tuition reserve. The purpose of the reserve is to set aside the difference between the annual net tuition revenue generated by the Fixed Price Tuition plan and the net tuition revenue that would have been generated had we continued to increase tuition for all students annually.



# Illustration of Undergraduate Fixed Price Tuition Reserve Funding <sup>(1)</sup>

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
Increase in Net Tuition Revenue Supporting the Budget <sup>(2)</sup>	8,890	7,076	7,345	7,624	7,914	8,214	8,526	8,850	9,187
Increase in Tuition Revenue from Fixed Price Tuition <sup>(3)</sup>	14,426	10,539	9,013	7,454	8,198	8,624	8,952	9,292	9,645
Net Tuition Revenue Reserved	5,536	3,463	1,669	(169)	284	410	425	441	458
Fixed Price Tuition Reserve Balance	5,536	8,999	10,668	10,499	10,782	11,192	11,618	12,059	12,517

- (1) Both projections assume steady state enrollment of 9,205 full-time undergraduates.
- (2) Assumes a 5 percent increase in FY 05 and 3.8 percent annual increases thereafter. The 15.9 percent increase for fixed price tuition in FY 05 reflected an effective annual increase of 3.8 percent.
- (3) Assumes a 15.9 percent increase for incoming students in FY 05 and 3.8 percent increases for incoming students in subsequent years.

# Summary

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The primary cause of next year's budget gap is that expenses are growing at a faster rate than revenue.

While the projected 4.7 percent expense increase is lower than prior years, it is 3 times higher than the projected revenue increase.

Issues to focus on between now and when the FY 07 budget is proposed in May:

- ❖ Identifying additional revenue
- ❖ Identifying ways of reducing the rate of expense increases
- ❖ Identifying an appropriate balance between:
  - Capital budget requirements and borrowing capacity, and
  - Providing relief to the operating budget

# Schedule of Exhibits

- A. FY 06 Second Quarter Budget Status Report
- B. FY 06 Second Quarter Debt Management Report
- C. FY 06 Second Quarter Endowment Management Report

## Exhibit A



# THE GEORGE WASHINGTON UNIVERSITY

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WASHINGTON DC

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**The George Washington University  
Committee on Finance & Audit  
Second Quarter Report  
FY 06**

Office of the Executive Vice President  
and Treasurer

February 8, 2006

# University Second Quarter Report – FY06<sup>(1)</sup>

(Dollars in Millions)

	Approved Budget	1st Quarter Forecast	2nd Quarter Forecast	Variance
Revenue	\$488.8	\$489.5	\$489.5	\$0.6
Expense	\$439.6	\$439.9	\$445.5	(\$5.9)
Other Changes in Net Assets	(\$43.2)	(\$47.6)	(\$44.0)	(\$0.8)
OPERATING RESULTS	\$6.1	\$1.9	(\$0.0)	(\$6.1)
Interest Rate Reserve	\$1.9	\$1.4	\$0.0	\$1.9
Investment Property Reserve	\$0.7	\$0.5	\$0.0	\$0.7
NET OPERATING RESULTS	\$3.5	\$0.0	(\$0.0)	(\$3.5)

(1) The Approved Budget and First Quarter Forecast have been restated to reflect changes in accounting. There is no change in operating results. Figures may not add due to rounding.



# University Second Quarter Report – FY06

The University is projected to end the year with a balanced budget.

Total revenue is projected to be about \$600,000 above the approved budget. Net tuition and fee revenue is projected to be \$1.1 million above the approved budget and \$200,000 higher than the first quarter. Significant variances to budget include:

- Law School tuition revenue is estimated to be \$3.8 million higher than budget, up \$800,000 from the first quarter due to better than expected enrollment. The additional revenue stays within the Law School budget and will be used to support operations.
- Due to a shortfall in continuing students, undergraduate revenue is projected to be \$2.7 million below budget. The methodology used to project continuing student enrollment did not account for the full impact of the graduation of the unusually large class that entered in Fall 2001. Retention among second and third year students is better than budget. The incoming class is also 76 students better than budget.
- Academic year revenue for graduate and non-degree students is projected to be \$1.8 million below budget and \$800,000 down from the first quarter. Most of the shortfall will be offset by higher enrollment in summer programs.

There are no significant changes to the other revenue variances reviewed by the Committee in October:

- Indirect cost recoveries are estimated to be \$900,000 below budget. The projection reflects no increase over the prior year.
- Contributions are forecast to be \$4.7 million below budget. The projection reflects a 3 percent increase over the prior year.
- Other income is projected to be \$4.8 million above budget. Half of the increase reflects the proceeds from the sale of the University's ITFS broadcast rights. These funds will be transferred to the endowment and are reflected on the Support/Investment line of the forecast. The balance of the increase is the result of incorporating recurring revenue associated with Athletics, special events, and other activities into the budget. Because there are recurring expenses associated with this revenue, there is no bottom line impact of the additional revenue.

Expenses are \$5.9 million above budget. Of this amount, \$3 million is associated with the increase in Law School tuition revenue. The current estimate reflects a smaller Law School transfer to capital reserves than the previous estimate. The following variances reviewed by the Committee in October are also included in the increase:

- \$1.3 million for legal and compliance related initiatives. These increases are consistent with prior year spending levels.
- \$500,000 for the Mount Vernon Campus shuttle as a result of increased fuel costs.
- \$500,000 to expand Advancement staff.
- \$400,000 for increased occupancy costs. Half of the increase relates to the impact of Hurricane Katrina. The remainder is associated with additional contractor support necessitated by staff vacancies.

New variances reflected in the forecast include:

- Bad Debt Expense is projected to be \$500,000 better than budget as a result of improvements to billing and collections processes.
- Purchased Services expense is projected to be \$600,000 over the first quarter budget due largely to the cost of contract personnel to support Facilities staff vacancies.
- An additional \$350,000 for compliance-related initiatives.

As a result of favorable interest rates, Debt Service is expected to be \$5.8 million below budget and the \$1.9 million Interest Rate Reserve will not be needed. The Investment Property Reserve will also not be needed. Of the total interest rate and reserve savings, \$6 million will be transferred to capital reserves. The balance will be used to fund operations.

As a result of the reduction in projected contributions and departmental spending, Designated Net Assets are projected to end the year in balance, as opposed to the \$3.5 million surplus reflected in the approved budget.

# University Second Quarter Report – FY06 <sup>(1)</sup>

(Dollars in Thousands)

	Approved Budget	1st Quarter Forecast	2nd Quarter Forecast	Variance \$
<b>REVENUES</b>				
Student Tuition & Fees	508,540	510,273	510,470	1,930
Less University Funded Scholarships	(133,395)	(134,185)	(134,173)	(778)
Net Student Tuition & Fees	375,145	376,088	376,297	1,152
Indirect Cost Recoveries	8,331	7,431	7,431	(900)
Auxiliary Enterprises	76,724	77,074	76,974	250
Contributions Net	13,187	8,487	8,487	(4,700)
Other Income	15,430	20,406	20,270	4,840
Total Revenues	488,818	489,486	489,459	641
<b>EXPENSES</b>				
Salaries & Wages	241,205	237,070	240,520	685
Fringe Benefits	52,513	51,506	52,188	326
Purchased Services	54,790	60,932	61,516	(6,726)
Supplies	6,765	7,179	7,210	(445)
Equipment	16,755	15,779	16,679	76
Bad Debt	4,053	3,928	3,428	625
Occupancy	37,444	38,317	38,199	(755)
Scholarships & Fellowships	6,419	6,918	6,888	(469)
Communications	5,209	4,898	4,846	363
Travel & Training	7,160	7,518	7,601	(441)
Other	7,248	5,872	6,388	860
Total Expenses	439,562	439,917	445,463	(5,901)
<b>OTHER (DECREASES)/INCREASES IN NET ASSETS</b>				
Debt Service & Mandatory Purposes	(46,763)	(40,946)	(40,905)	5,858
Endowment Support	25,800	26,488	26,488	688
Capital Expenditures	(12,190)	(12,135)	(12,548)	(358)
Support/Investment	(10,017)	(21,026)	(17,031)	(7,014)
Total Other Changes in Net Assets	(43,171)	(47,619)	(43,996)	(826)
<b>OPERATING RESULTS</b>	6,085	1,950	(0)	(6,086)
Interest Rate Reserve	1,900	1,425	0	1,900
Investment Property Reserve	700	525	0	700
<b>NET OPERATING RESULTS</b>	3,485	0	(0)	(3,486)

(1) The Approved Budget and First Quarter Forecast have been restated to reflect changes in accounting. There is no change in operating results.

# University Second Quarter Report – FY06 <sup>(1)</sup>

(Dollars in Thousands)

	FY 05	Estimated FY 06		
		As of May <sup>(4)</sup>	As of September <sup>(5)</sup>	As of December <sup>(6)</sup>
Market Value of Endowment <sup>(1)</sup>				
Beginning of Year	733,801			
End of Year	823,129			
Average	778,465	779,079	823,129	850,891
Gifts Designated for Endowment <sup>(2)</sup>	13,298			8,400
University Additions <sup>(3)</sup>	1,997			1,165
Total Payout	36,136	37,438	38,106	38,383
Annual Payout Rate	4.6%	4.8%	4.6%	4.5%

(1) Net of liabilities.

(2) Cash basis.

(3) Payout reinvested.

(4) Market value as of March 31, 2005. Payout based on funds invested as of April 2005 and a payout rate of \$3.04 per unit.

(5) Market value as of June 30, 2005. Payout based on funds invested as of July 2005 and a payout rate of \$3.04 per unit.

(6) Average market value for first six months of FY 06. Payout based on funds invested as of December 31, 2005 and a payout rate of \$3.04 per unit.

## Exhibit B

# **The George Washington University**

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## **Debt Management Report**

	<b>As of December 31, 2005</b>	<b>As of December 31, 2004</b>
<b><u>AMOUNT OUTSTANDING</u></b>		
Total Debt Outstanding	\$716,174,645	\$736,854,525
Total Debt Outstanding ex Endowment	\$522,514,346	\$543,221,105
Total Debt Outstanding ex Non-recourse	\$574,618,657	\$610,769,794
<b><u>DEBT SERVICE</u></b>		
Annual Debt Service	\$53,174,574 (FY 06)	\$43,111,578 (FY 05)
<b><u>COST OF FINANCING</u></b>		
Weighted Average Interest Rate	4.750%	4.243%
<b><u>COMPOSITION</u></b>		
Fixed	45%	42%
Variable	55%	58%
Tax-exempt	48%	48%
Taxable	32%	35%
Non-recourse	20%	17%
University	67%	68%
Medical Center	6%	6%
Endowment	27%	26%
<b><u>CREDIT RATING</u></b>		
Moody's	A2	A2
Standard & Poor's	A	A

## The George Washington University

## Debt Management Report

## Outstanding Debt as of December 31, 2005

Debt Obligations	Due Date	Weighted	Interest Rate Type	Amount Issued	Amount Outstanding 12/31/2005	Projected Year End Outstanding Debt <sup>1</sup>				
		Rate as of 12/31/2005				FY 06	FY 07	FY 08	FY 09	FY 10
Tax-exempt Debt										
Bonds										
1992 (Loudoun County)	05/15/2022	6.250%	Fixed	18,000,000	14,330,000	13,835,000	13,305,000	12,745,000	12,150,000	11,515,000
1999 Series A	09/15/2020	5.900%	Fixed	136,055,000	108,785,000	108,785,000	103,345,000	97,615,000	91,560,000	85,170,000
1999 Series B/C	09/15/2029	3.150%	Variable	167,730,000	167,730,000	167,730,000	167,730,000	167,730,000	167,730,000	167,730,000
2001 Series A	09/15/2031	5.573%	Fixed	55,970,000	55,310,000	55,310,000	54,615,000	53,885,000	53,120,000	52,325,000
Subtotal Tax-exempt Debt				377,755,000	346,155,000	345,660,000	338,995,000	331,975,000	324,560,000	316,740,000
Taxable Debt										
Bonds										
2002 Series A/B	09/15/2032	4.577%	Variable	200,000,000	192,600,000	192,600,000	189,800,000	186,800,000	183,600,000	180,200,000
Loans & Other										
Dept. of Education	05/01/2021	3.000%	Fixed	557,000	222,657	216,963	205,317	193,319	180,958	168,223
Flexible Note Program	06/01/2015	4.562%	Variable	25,641,000	25,641,000	64,119,141	101,503,586	136,656,351	144,162,543	140,294,325
Subtotal Taxable Debt				226,198,000	218,463,657	256,936,104	291,508,903	323,649,670	327,943,501	320,662,549
Non-recourse Debt										
2000 Penn Loan (Endowment)	05/11/2014	5.653%	Fixed	64,000,000	62,744,332	62,315,068	61,429,131	60,500,755	59,508,064	58,456,964
2100 Penn Loan (Endowment)	05/11/2014	5.653%	Fixed	51,250,000	50,244,490	49,900,746	49,191,308	48,447,886	47,652,963	46,811,267
GW Inn & OWCH Loan (Endowment)	05/11/2014	5.703%	Fixed	11,750,000	11,415,341	11,301,579	11,065,865	10,817,909	10,553,477	10,273,345
NTSB Building Loan (Operations)	07/11/2015	4.955%	Fixed	17,250,000	17,151,825	17,027,422	16,771,517	16,504,769	16,221,994	15,924,680
Subtotal Non-recourse Debt				144,250,000	141,555,988	140,544,815	138,457,821	136,271,318	133,936,498	131,466,257
TOTAL ex Lines of Credit:				748,203,000	706,174,645	743,140,919	768,961,724	791,895,988	786,439,999	768,868,806
Lines of Credit										
PNC Line of Credit	upon demand	4.616%	Variable	5,000,000	5,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
SunTrust Line of Credit	upon demand	4.651%	Variable	5,000,000	5,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Wachovia Line of Credit	upon demand		Variable	-	-	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Subtotal Lines of Credit				10,000,000	10,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
TOTAL plus Lines of Credit:				758,203,000	716,174,645	764,140,919	789,961,724	812,895,988	807,439,999	789,868,806
Weighted Average Cost of Debt at 12/31/2005					4.750%					

<b>Uses of Debt</b>										
University				471,111,535	508,077,809	533,898,614	558,832,878	551,376,888	533,805,696	
Medical Center				41,402,811	41,402,811	41,402,811	41,402,811	41,402,811	41,402,811	
Endowment				193,660,300	193,660,300	193,660,300	193,660,300	193,660,300	193,660,300	
Liquidity Support				10,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	
<b>Subtotal</b>				<b>716,174,645</b>	<b>764,140,919</b>	<b>789,961,724</b>	<b>812,895,988</b>	<b>807,439,999</b>	<b>789,868,806</b>	

<sup>1</sup> The University has internally financed some capital project expenditures amounting to \$164.0 million. Total financed capital projects at 12/31/2005 are \$870.2 million

Note: Calculation of totals may vary slightly due to rounding.



## Debt Service as of December 31, 2005

Debt Obligations	Due Date	Weighted Interest	Interest Rate Type	Amount Issued	Amount Outstanding 12/31/2005	Debt Service FY 2006		Projected Year End Debt Service				
		Rate as of 12/31/2005				Interest	Principal	FY 06	FY 07	FY 08	FY 09	FY 10
Tax-exempt Debt Bonds												
1992 (Loudoun County)	05/15/2022	6.250%	Fixed	18,000,000	14,330,000	895,625	495,000	1,390,625	1,394,688	1,391,563	1,391,563	1,394,375
1999 Series A	09/15/2020	5.900%	Fixed	136,055,000	108,785,000	6,406,956	5,165,000	11,571,956	11,575,375	11,571,800	11,572,713	11,573,463
1999 Series B/C¹	09/15/2029	3.150%	Variable	167,730,000	167,730,000	5,053,305	-	5,053,305	5,638,302	5,646,896	5,629,700	5,638,302
2001 Series A	09/15/2031	5.573%	Fixed	55,970,000	55,310,000	2,814,106	660,000	3,474,106	3,475,231	3,474,606	3,475,578	3,472,906
Subtotal Tax-exempt Debt				377,755,000	346,155,000	15,169,992	6,320,000	21,489,992	22,083,595	22,084,865	22,069,553	22,079,045
Taxable Debt Bonds												
2002 Series A/B²	09/15/2032	4.577%	Variable	200,000,000	192,600,000	9,726,398	2,600,000	12,326,398	14,965,475	15,009,138	14,974,617	14,960,018
Loans & Other												
Dept. of Education	05/01/2021	3.000%	Fixed	557,000	222,657	6,764	11,304	18,068	18,068	18,068	18,068	18,068
Flexible Note Program²	06/01/2015	4.562%	Variable	25,641,000	25,641,000	2,094,121	6,235,002	8,329,123	8,497,885	11,605,954	13,694,454	15,414,084
Subtotal Taxable Debt				226,198,000	218,463,657	11,827,283	8,846,307	20,673,590	23,481,428	26,633,161	28,687,139	30,392,170
Non-recourse Debt												
2000 Penn Loan (Endowment)	05/11/2014	5.653%	Fixed	64,000,000	62,744,332	3,597,678	836,706	4,434,384	4,434,384	4,434,384	4,434,384	4,434,384
2100 Penn Loan (Endowment)	05/11/2014	5.653%	Fixed	51,250,000	50,244,490	2,880,954	670,014	3,550,968	3,550,968	3,550,968	3,550,968	3,550,968
GW Inn & OWCH Loan (Endowment)	05/11/2014	5.703%	Fixed	11,750,000	11,415,341	660,493	222,503	882,996	882,996	882,996	882,996	882,996
NTSB Building Loan (Operations)	07/11/2015	4.955%	Fixed	17,250,000	17,151,825	816,947	222,578	1,039,525	1,105,536	1,105,536	1,105,536	1,105,536
Subtotal Non-recourse Debt				144,250,000	141,555,988	7,956,072	1,951,801	9,907,873	9,973,884	9,973,884	9,973,884	9,973,884
TOTAL ex Lines of Credit:				748,203,000	706,174,645	34,953,347	17,118,108	52,071,455	55,538,907	58,691,910	60,730,576	62,445,100
Lines of Credit²												
PNC Line of Credit	upon demand	4.616%	Variable	5,000,000	5,000,000	382,521	-	382,521	455,000	455,000	455,000	455,000
SunTrust Line of Credit	upon demand	4.651%	Variable	5,000,000	5,000,000	376,564	-	376,564	455,000	455,000	455,000	455,000
Wachovia Line of Credit	upon demand		Variable	-	-	344,035	-	344,035	455,000	455,000	455,000	455,000
Subtotal Lines of Credit				10,000,000	10,000,000	1,103,119	-	1,103,119	1,365,000	1,365,000	1,365,000	1,365,000
TOTAL plus Lines of Credit:				758,203,000	716,174,645	36,056,466	17,118,108	53,174,574	56,903,907	60,056,910	62,095,576	63,810,100

<sup>1</sup> Projections are based on schedules provided by Legg Mason. Projected debt service is calculated using an effective rate of 3.367%.<sup>2</sup> Projections are based on an interest rate of 6.500%.

Note: Calculation of totals may vary slightly due to rounding.

## Exhibit C

# The George Washington University

## Endowment Management Report - Year to Date

(Amounts in thousands)

	Consolidated Pooled Endowment	Real Estate	Total
<b>Market Value June 30, 2005</b>	<b>\$ 678,838</b>	<b>\$ 144,291</b>	<b>\$ 823,129</b>
Gifts	8,400	-	8,400
Other Additions	1,165	-	1,165
Earnings & Asset Appreciation	63,168	1,716	64,884
Payout	<u>(17,209)</u>	<u>(1,716)</u>	<u>(18,925)</u>
<b>Market Value December 31, 2005</b>	<b>\$ 734,362</b>	<b>\$ 144,291</b>	<b>\$ 878,653 <sup>(1)</sup></b>

Notes:

(1) \$ 878,238	Total market value per Mellon Bank as of December 31, 2005
415	Net transfers after December 31, 2005
<u>\$ 878,653</u>	Total market value above

# The George Washington University

## Endowment Management Report - Quarterly

(Amounts in thousands)

	<u>Consolidated Pooled Endowment</u>	<u>Real Estate</u>	<u>Total</u>
<b>Market Value, September 30, 2005</b>	<b>\$ 721,769</b>	<b>\$ 144,291</b>	<b>\$ 866,060</b>
Gifts	6,075	-	6,075
Other Additions	184	-	184
Earnings & Asset Appreciation	14,938	1,233	16,171
Payout	<u>(8,604)</u>	<u>(1,233)</u>	<u>(9,838)</u>
<b>Market Value, December 31, 2005</b>	<b>\$ 734,362</b>	<b>\$ 144,291</b>	<b>\$ 878,653 (1)</b>

**Notes:**

{1} \$ 878,238 Total market value per Mellon Bank as of December 31, 2005  
415 Net transfers after December 31, 2005  
\$ 878,653 Total market value above

# The George Washington University

## Endowment Management Report: Investment Performance Summary

(Net of Fees)

(Period Ending December 31, 2005)

	<u>Month</u>	<u>Quarter</u>	<u>Fiscal</u> <u>YTD</u>	<u>Calendar</u> <u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>Inception</u>
<b>TOTAL POOLED ENDOWMENT<sup>1</sup></b>	<b>2.00%</b>	<b>1.98%</b>	<b>7.98%</b>	<b>15.09%</b>	<b>15.09%</b>	<b>19.24%</b>	<b>12.07%</b>
<i>Weighted Index<sup>2</sup></i>	<i>0.94%</i>	<i>2.18%</i>	<i>6.44%</i>	<i>8.03%</i>	<i>8.03%</i>	<i>12.86%</i>	<i>9.26%</i>
<b>Total Fund Ex PEQ &amp; RE</b>	<b>2.48%</b>	<b>2.07%</b>	<b>12.14%</b>	<b>12.16%</b>	<b>12.16%</b>	<b>n/a</b>	<b>15.09%</b>
<i>Weighted Index<sup>3</sup></i>	<i>1.19%</i>	<i>2.29%</i>	<i>6.64%</i>	<i>7.38%</i>	<i>7.38%</i>	<i>n/a</i>	<i>11.67%</i>
<b>Domestic Equities</b>	<b>1.63%</b>	<b>1.12%</b>	<b>12.07%</b>	<b>12.77%</b>	<b>12.77%</b>	<b>18.92%</b>	<b>12.18%</b>
<i>Russell 3000</i>	<i>0.09%</i>	<i>2.04%</i>	<i>6.13%</i>	<i>6.12%</i>	<i>6.12%</i>	<i>15.90%</i>	<i>8.85%</i>
<b>International Equities</b>	<b>5.49%</b>	<b>4.66%</b>	<b>18.11%</b>	<b>16.79%</b>	<b>16.79%</b>	<b>23.73%</b>	<b>7.05%</b>
<i>MSCI EAFE</i>	<i>4.65%</i>	<i>4.08%</i>	<i>14.88%</i>	<i>13.54%</i>	<i>13.54%</i>	<i>23.68%</i>	<i>5.68%</i>
<b>Total Fixed Income</b>	<b>0.66%</b>	<b>0.34%</b>	<b>1.41%</b>	<b>1.96%</b>	<b>1.96%</b>	<b>2.90%</b>	<b>5.51%</b>
<i>Lehman 3-5 Govt/Agg</i>	<i>0.56%</i>	<i>0.50%</i>	<i>-0.23%</i>	<i>1.02%</i>	<i>1.02%</i>	<i>1.99%</i>	<i>5.93%</i>
<b>Real Estate</b>	<b>1.20%</b>	<b>1.20%</b>	<b>1.20%</b>	<b>30.92%</b>	<b>30.92%</b>	<b>29.04%</b>	<b>15.43%</b>
<i>CPI + 500 bps</i>	<i>0.00%</i>	<i>0.22%</i>	<i>3.65%</i>	<i>8.42%</i>	<i>8.42%</i>	<i>7.85%</i>	<i>7.43%</i>
<b>Private Equity</b>	<b>-0.81%</b>	<b>3.01%</b>	<b>8.29%</b>	<b>16.64%</b>	<b>16.64%</b>	<b>23.74%</b>	<b>4.94%</b>
<i>Russell 3000 + 500 bps</i>	<i>0.50%</i>	<i>3.26%</i>	<i>8.60%</i>	<i>11.12%</i>	<i>11.12%</i>	<i>20.90%</i>	<i>5.37%</i>
<b>Absolute Return</b>	<b>1.05%</b>	<b>1.32%</b>	<b>5.16%</b>	<b>6.55%</b>	<b>6.55%</b>	<b>10.06%</b>	<b>9.32%</b>
<i>91-Day T-bills + 500 bps</i>	<i>0.73%</i>	<i>2.15%</i>	<i>4.21%</i>	<i>8.07%</i>	<i>8.07%</i>	<i>6.80%</i>	<i>7.58%</i>
<b>Ramsey Student Investment Fund<sup>4</sup></b>	<b>0.63%</b>	<b>1.04%</b>	<b>11.92%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>19.73%</b>
<i>SeP 500</i>	<i>0.03%</i>	<i>2.09%</i>	<i>5.77%</i>	<i>4.91%</i>	<i>4.91%</i>	<i>14.39%</i>	<i>8.73%</i>

<sup>1</sup> Inception date of April 1, 1996. This date represents the time when the University shifted its endowment structure to the current investment manager format. Prior to this date, the portfolio excluding real estate was managed by the CommonFund.

<sup>2</sup> As of 10/1/2004: Russell 3000 - 35%, MSCI EAFE(Net) - 15%, LB 3-5 Govt/Agg Index - 10%, CPI + 500 bps 15%, 91-Day T-bills + 500 bps -15%, Russell 3000 + 500 bps - 10%

<sup>3</sup> As of 10/1/2004: Russell 3000 - 46.67%, MSCI EAFE(Net) - 20%, LB 3-5 Govt/Agg Index - 13.33%, 91-Day T-bills + 500 bps - 20%

<sup>4</sup> Ramsey Student Investment Fund Performance Start Date = 5/1/05

**SPECIAL MEETING OF THE FACULTY  
SENATE**

**Friday, February 3, 2006**

***THE MAJOR ROLE OF FINANCIAL AID  
IN UNDERGRADUATE ENROLLMENT  
MANAGEMENT***

***IS THERE FLEXIBILITY IN THE DISCOUNT RATE?***

**PRESENTED BY SENIOR VICE PRESIDENT ROBERT A. CHERNAK**



# WHAT IS THE PURPOSE OF STUDENT AID?

1. Ensure access for qualified students without regard to their family's economic circumstances
2. Attract and retain above average high quality students
3. Balance enrollment among the University's academic units
4. Recruit students for special programs and purposes whose presence is value added to the University community:

**For example: Music; Theater; Artistic talent, Athletics; Washington DC public high school graduates; Development of new markets; Commitment to diversity based on background, culture, ethnicity, gender (woman leadership programs), etc...**

5. Maintain a competitive position in the marketplace

**DOES THE GEORGE WASHINGTON UNIVERSITY  
ADMIT STUDENTS WITHOUT REGARD TO THEIR  
FINANCIAL CIRCUMSTANCES?**

**YES.** *HOWEVER, BUDGET CONSTRAINTS DO NOT ALLOW THE UNIVERSITY TO FULLY FUND STUDENTS TO THE LEVEL OF THEIR DEMONSTRATED NEED. CONSEQUENTLY, VARIOUS "PACKAGING METHODOLOGIES" ARE EMPLOYED TO COMBINE GRANTS AND SELF HELP SO THAT FUNDS ARE STRETCHED TO ASSIST AS MANY STUDENTS AS POSSIBLE TO THE LIMITS OF INSTITUTIONAL AFFORDABILITY.*

# WHAT IS THE DISCOUNT RATE?

- ***THE DISCOUNT RATE IS EXPRESSED AS A PERCENTAGE OF UNDERGRADUATE STUDENT AID EXPENDITURES DIVIDED BY TUITION REVENUE***
- ***THE DISCOUNT RATE DOES NOT TAKE INTO ACCOUNT THE TOTAL COST OF A STUDENT'S ANNUAL ATTENDANCE, SUCH AS ROOM, BOARD, BOOKS, PERSONAL EXPENSES OR TRAVEL TO AND FROM HOME.***
- ***THE CURRENT DISCOUNT RATE AT GW IS APPROXIMATELY 35.6%.***

# WHAT PORTION OF STUDENT AID IS DISTRIBUTED NEED BASED CONTRASTED TO MERIT?

## ALL STUDENTS ACADEMIC YEAR 05-06

- NEED BASED      \$ 82,671,389 (74.2%)
- MERIT              28,729,290 (25.8%)
- TOTAL             \$111,400,679

# HOW MANY UNDERGRADUATE STUDENTS ARE RECEIVING FINANCIAL AID?

## FRESHMAN

- NEED BASED 1,100
- MERIT 384
- **TOTAL 1,484**

## TRANSFERS

- NEED BASED 223
- MERIT 18
- **TOTAL 241**

## CONTINUING

- NEED BASED 2,963
- MERIT 1,352
- **TOTAL 4,315**

# WHAT IS THE AVERAGE FINANCIAL AID AWARD FOR 2005-06

- **NEED BASED**

• FRESHMAN	\$ 21,412
• TRANSFERS	16,682
• CONTINUING	18,011

- **MERIT**

• FRESHMAN	\$ 19,839
• TRANSFERS	9,464
• CONTINUING	14,249



# WHAT ARE SOME OF THE PRESSURES IMPACTING THE STUDENT AID BUDGET?

- 1. Family financial resources are growing at a slower pace than the cost of education
- 2. GW competes with many institutions who have endowment resources that allow for more generous student aid packages, hence reducing reliance on unrestricted funds
- 3. The overall cost of attendance at GW
- 4. The improving academic student profile at GW
- 5. A lesser commitment by the federal government for higher education student aid
- 6. Only \$1.7 million annual support from restricted and endowed funds
- 7. Family resistance to borrow due to rising interest rates, as well as reluctance to borrow against home equity

# FIVE YEAR TRENDS COMPARING FAMILY RESOURCES TO THE GW COST OF ATTENDANCE

	2002-03	2003-04	2004-05	2005-06	2006-07*
PROFILE** RESULTS	\$28,062	\$28,293	\$29,568	\$30,178	\$30,141
GW COSTS***	38,980	41,270	46,090	49,320	51,780
DIFF.	10,918	12,977	16,522	19,142	21,639

\* 2006-07 ESTIMATED

\*\* AS CALCULATED FROM COLLEGE SCHOLARSHIP SERVICES  
**PROFILE** REPORTS FOR ALL FRESHMAN APPLICANTS

\*\*\* GW ON-CAMPUS COSTS INCLUDE AN ESTIMATED 3.9% TUITION  
INCREASE, AS WELL AS FEES, ROOM, BOARD, BOOKS, PERSONAL  
EXPENSES AND TRAVEL COSTS).

# WHAT ARE THE TRENDS FOR FAMILY CONTRIBUTION AMONG STUDENTS MATRICULATING AT GW?

## Example for Class Entering 2002-03

### *AVERAGE FAMILY CONTRIBUTION*

Profile Results for all applicants	\$28,062
GW Entering Freshmen	19,500
Sophomore year	18,407
Junior Year	17,636
Senior Year	17,227

# WHAT EXACTLY IS GW'S "**PACKAGING**" METHODOLOGY

1. **"Packaging" refers to the amount of grant money or "free money" awarded to a student demonstrating need contrasted to the "self-help" portion of an award which could include loans and/or work-study.**
2. **This year the split was 70% grant/30% self help.**
3. **For 2006-07 the split will be 75%/25%. The reason for this is that there is not sufficient "self-help" funds available to meet need. Simultaneously, the University will raise from this year's \$1,000 to \$2,000 the amount of "gap", that is the first \$2,000 of demonstrated need must be absorbed by an incoming student's family. In addition, the next \$2,625 of need will be funded entirely through Stafford Loans. Each incoming student will also be expected to earn \$1,500 in summer earnings.**
4. **The maximum amount of need based financial aid in grant money (GW Funds) that an incoming new student may receive will be \$32,000 in admissions ratings 1,2 and 3 (SAT's above 1250 and 85% class rank); and \$27,000 for admission ratings 4 and 5 (SAT's above 1150 and 80% class rank). All engineering students may receive up to the \$32,000 maximum.**

# **WHAT ARE THE GUIDELINES THAT WILL GOVERN THE UNIVERSITY'S MERIT SCHOLARSHIP PROGRAM FOR 2006-07**

## **ELIGIBILITY:**

### **FOR ALL COLLEGES EXCEPT ENGINEERING**

Half tuition scholarships will be offered to students achieving SAT scores of 1370 or higher and who also rank in the 90<sup>th</sup> percentile rank or higher in their high school graduating class. This is a change from last year when eligibility standards commenced with 1350 SAT scores. Additionally, students entering the Science Scholar Program, Integrated Engineering and Law, and Presidential International Scholarship.

**\$15,000 scholarships for 7 year BA/MD, Presidential Arts Scholars**

**Room and Board for ROTC scholarship recipients who are on military duty**

**Stephen Joel Trachtenberg Scholars (limit 6) full tuition, fees, room, board and books**

### **FOR ENGINEERING**

Three quarter scholarships for SAT scores 1400 and above, 90<sup>th</sup> percentile high school class rank. Half tuition for SAT's above 1300 and 90<sup>th</sup> percentile class rank. \$15,000 scholarship for SAT scores 1250-1290 and 85<sup>th</sup> percentile class rank. Last year full scholarships were awarded to students with 1400 SAT and 90<sup>th</sup> percentile class rank; three quarter scholarships with 1300 SAT and 90<sup>th</sup> percentile class rank; and one half scholarship for 1200 SAT and 90<sup>th</sup> percentile class rank.

# HOW MUCH STUDENT AID WAS DISTRIBUTED TO THIS YEAR ENTERING FRESHMAN CLASS?

- MERIT \$ 7,762,443
- NEED BASED 23,782,668
- TOTAL \$ 31,545,111 \*\*

\*\* REPRESENTS 28.3% OF TOTAL AID DISTRIBUTED FOR ACADEMIC YEAR 2005-06 TO ALL UNDERGRADUATE STUDENTS.

WHAT IS THE COMPARISON OF GROSS TUITION, NET REVENUE  
AND THE DISCOUNT RATES FOR FRESHMAN COMPARING  
2004-05 TO 2005-06?

	2004-05	2005-06
• NUMBER OF FRESHMEN	2627	2408
• GROSS TUITION	\$89,978,000	\$87,578,960
• AID EXPENDITURES NEED-BASED AND MERIT	28,279,973	31,545,111
• NET TUITION REVENUE	61,698,027	56,033,849
• DISCOUNT RATE FOR FRESHMEN	31.4%	36%



# CHALLENGES

- 1. The net revenue derived from this year's entering freshmen class contrasted to last year was \$5.58 million less.**
- 2. Results were a factor of:**
  - a. 219 fewer freshmen**
  - b. \$3.18 million more student aid expenditures**
  - c. A resultant discount rate for freshmen of 36%**
- 3. Success in improving the quantity and quality of the entering class in Engineering, but at a significant investment of student aid dollars**
- 4. A growing "affordability gap" created by the combination of the costs of education rising at a faster pace than the growth of family income and assets**

# COLLEGE ENROLLMENT AND AID DISTRIBUTION OF FRESHMEN CLASS ENTERING FALL 2005

COLLEGE	STUDENTS	TUITION	# ON AID	AMT OF AID	%ON AID	DISC RATE
<i>Columbian</i>	1425	\$51.8m	849	\$17.6m	59.6%	34%
<i>Elliott</i>	472	17.1m	323	6.5m	68.4	38
<i>Engineering</i>	182	6.6m	153	4.1m	84.1	62.3
<i>Business</i>	313	11.4m	143	3.0m	45.7	26.6
<i>Public Health</i>	16	.6m	8	.2m	50.0	35.4
<b>TOTALS</b>	<u>2408</u>	<u>87.6m</u>	<u>1,476</u>	<u>31.5m</u>	<u>61.3</u>	<u>36.0</u>

## What changes in student aid policy will be undertaken this year to control expenditures?

1. Increase initial gapping from \$1,000 to \$2,000
2. Increase eligibility standards for merit awards from 1350 to 1370 SAT, increase eligibility in Engineering from 1200 to 1250 SAT
3. Decrease merit award maximum in Engineering to three quarter tuition from full tuition, and three quarter tuition awards to half tuition
4. Maintain maximum caps on institutional awards for need based aid at \$32,000 for AR categories 1,2 and 3 and \$27,000 for AR 4 and 5.
5. Maintain maximum Engineering need based awards at \$32,000
6. Family Grants will not be stackable with scholarship awards
7. Continuing student scholarships will be reduced from \$12K to \$6K per year after 30 hours of academic credit at GW for attaining a 3.7GPA

**IS THERE FLEXIBILITY TO REDUCE THE UNIVERSITY'S DISCOUNT RATE FOR THE NEXT ACADEMIC YEAR TO REALIZE MORE NET FROM TUITION?**

- 1. Every attempt will be made to reduce the discount rate for entering freshmen from last year's 36%, and simultaneously to meet budgeted enrollment goals for each college as well as to sustain quality.**
- 2. This is a difficult challenge. As indicated previously, costs for tuition, fees, room and board will be increasing at a higher rate than family wealth. Second, due to the fact that current federal policies preclude additional funding for GW students for Stafford Loans and Work Study specifically, a higher percentage of a student's need based package will consist of University unrestricted dollars.**
- 3. In that the rising sophomore and junior classes are on a guaranteed tuition/student aid plan, very little flexibility exists to prune student aid costs within these populations.**
- 4. While some flexibility would be present with seniors who are not on the guaranteed plan, as pointed out previously, their family wealth continues to deplete as the student progresses towards completion of their degree. The resultant effect is that student aid expenditures for seniors would most likely increase.**
- 5. More extraordinary cost saving measures for freshman must be measured very carefully on a risk/reward basis. Some fine tuning in our merit based plans will be implemented as well as some rationing devices in need-based aid packaging. The expectation is that the discount rate for the freshmen class entering Fall 2006 can be reduced by 1% from this year's experience to 35%. However, the overall discount rate for the entire undergraduate student population would most likely remain at the current 35.6%.**

**HOW DID THE FINANCIAL AID NEED BASED AND MERIT  
PROGRAMS PLAY OUT FOR EARLY DECISION 1  
CANDIDATES ENTERING FALL 2006 COMPARED TO FALL  
2005?**

**NEED BASED**

**MERIT**

**(Through 12/22/05)**

<b>DATE</b>	<b>NUMBER</b>	<b>TOTAL \$'s</b>	<b>AVG.</b>	<b>NUMBER</b>	<b>TOTAL \$'s</b>	<b>AVG.</b>
<b>Fall '05</b>	<b>103</b>	<b>1,888,885</b>	<b>18,339</b>	<b>24</b>	<b>444,500</b>	<b>18,521</b>
<b>Fall '06</b>	<b>103</b>	<b>2,169,500</b>	<b>21,063</b>	<b>18</b>	<b>329,500</b>	<b>18,306</b>



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# State of Academic Affairs

**Data, Strategic Academic Priorities, and Impacts on Priorities**

- Strategic Plan – Key Aspects
- State of Academic Affairs – DATA
  - Enrollments
  - Class sizes and distributions
  - Faculty composition
  - Teaching loads
- Academic Budget Planning for FY 07

**Special Meeting of the Faculty Senate**

**3 February 2006**





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## Strategic Plan -- Key Aspects



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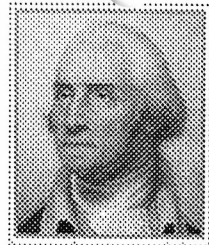
# Strategic Plan -- Vision

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## Academic Affairs

The Vision for Academic Affairs is that GW becomes nationally and internationally recognized for its Academic Excellence in Selected Areas of Emphasis that are primarily derived from existing programmatic strengths, across disciplines, in teaching, scholarship, and externally funded research.





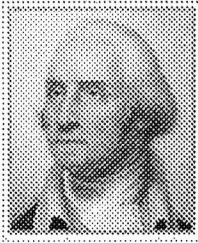
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# Strategic Plan -- Mission

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## Academic Affairs

The Mission of Academic Affairs is to provide students and faculty the optimal environment for the creation and acquisition of knowledge and the pursuit of creative endeavors to meet the needs and enrich the experiences of the global society.



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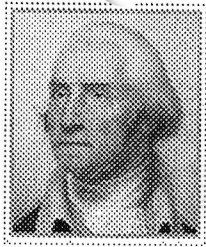
# GW's Strategic Plan

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## Academic Affairs

- Uniquely position GW
- Focus on the undergraduate area
- Build GW's reputation
- Build GW's prestige
- Achieve distinctive academic excellence





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# Guiding Principle

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Academic Affairs

**Selective, Academic Excellence**



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# Underpinning Logic

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Academic Affairs

**Driving principle** – the unique positioning of GW in the higher-education marketplace must come from leveraging our assets:

- The University itself
- The Washington Metropolitan area



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## State of Academic Affairs -- DATA



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## Enrollment Data





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# Enrollment Data

## Undergraduate (FT)

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Academic Affairs

Totals	2005	2004	2003	2002	2001	2000	1999	1998
Freshmen	2,392	2,603	2,248	2,261	2,551	2,082	2,094	1,761
Transfers	309	273	336	278	266	219	207	213
Continuing	6,678	6,615	6,502	6,207	5,501	5,132	4,654	4,410
<b>TOTAL</b>	<b>9,379</b>	<b>9,491</b>	<b>9,086</b>	<b>8,746</b>	<b>8,318</b>	<b>7,433</b>	<b>6,955</b>	<b>6,384</b>



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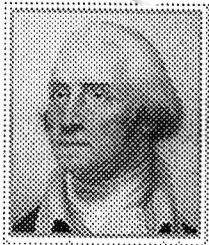
## Undergraduate Enrollment (FT) Within Schools

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Academic Affairs

Totals	2005	2004	2003	2002	2001	2000	1999	1998
CCAS	5,389	5,560	5,373	5,221	5,037	4,484	4,171	3,805
ESIA	2,029	2,015	1,791	1,571	1,365	1,199	1,174	1,075
GWSB	1,455	1,471	1,489	1,494	1,422	1,302	1,203	1,079
SEAS	506	445	433	460	494	448	407	426





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# **Undergraduate Enrollment Trends and Course Offerings**

## Academic Affairs

- 1996 → 2005: Size of the freshman class has averaged about 2,400 students the last five years, which is approximately 48% larger ( $2,400/1,626$ ) than in 1996
- 1996 → 2005: Undergraduate population has averaged about 9,435 students the last two years, which is approximately 59.3% larger ( $9,435/5,921$ ) than in 1996
- 1996 → 2005: Absolute number growth within each of the undergraduate schools is CCAS – 1,776 (49.1%), ESIA – 1,073 (112%), GWSB – 545 (59.9%), and SEAS – 64 (14.5%)
- These enrollment trends require significant increases in the required course sections offered within CCAS, where most of the students from all four schools take a large fraction of their freshman- and sophomore-level courses



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# Retention Trends

## Academic Affairs

%	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1996	1,643									
1997	89.8	1,716								
1998	81.4	89.9	1,773							
1999	74.9	83.1	92.3	2,109						
2000	8.0	76.5	84.8	91.5	2,093					
2001	1.5	7.6	80.9	84.2	91.7	2,566				
2002	0.9	1.5	7.7	79.3	84.7	91.7	2,283			
2003		0.9	1.5	6.8	79.1	84.1	92.9	2,260		
2004			0.7	1.7	6.5	79.3	87.1	91.9	2,623	
2005				0.6	1.5	6.5	79.9	86.2	91.5	2,392



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# Graduation Rates

## Academic Affairs

%	1995	1996	1997	1998	1999	2000	2001	2002	2003
96-97	0.0								
97-98	3.1	0.0							
98-99	63.0	3.1	0.0						
99-00	7.0	62.8	3.8	0.1					
00-01	1.1	6.5	65.2	2.5	0.1				
01-02		0.8	5.3	69.9	3.2	0.2			
02-03			0.9	5.7	68.4	2.9	0.1		
03-04				0.6	5.5	68.4	3.3	0.1	
04-05					1.0	5.0	67.0	4.9	0.1
6-yr rate	74.3	73.2	75.2	78.8	78.2	(76.5)			





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## Retention and Graduation Rates

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### Academic Affairs

- 1996 → 2004: The freshman-to-sophomore retention rate has improved from approximately  $\leq 90\%$  to approximately  $\leq 92\%$
- 1996 → 2004: The freshman-to-junior retention rate has improved from about 81% to about 86%
- Six-year-graduation rates have improved from about 70% (class of 1997) to approximately 78% (class of 2003) (Metric for *U.S. News/World Report*)
- Four-year graduation rates remain under 70% though they have improved over the last eight years

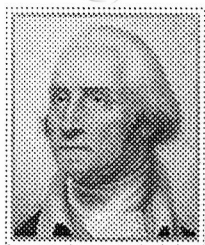


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## Graduate Enrollment Data [FT and PT] -- On Campus

### Academic Affairs

<b>Masters</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
CCAS	1,076	941	932	893	893	850	754	676
ESIA	646	601	573	548	497	456	471	509
GWSB	1,288	1,251	1,252	1,313	1,250	1,251	1,569	1,609
SEAS	597	644	613	592	559	522	430	429
GSEHD	440	479	485	469	461	430	395	408
MPP	261	265	237	193	149	129	--	--
<b>Totals</b>	<b>4,308</b>	<b>4,181</b>	<b>4,092</b>	<b>4,008</b>	<b>3,809</b>	<b>3,638</b>	<b>3,619</b>	<b>3,631</b>



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## Graduate Enrollment Data On Campus

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### Academic Affairs

Doctoral	2005	2004	2003	2002	2001	2000	1999	1998
CCAS	637	682	632	608	595	571	599	576
GWSB	132	141	141	114	118	101	107	109
SEAS	388	391	378	368	333	338	366	373
GSEHD	217	211	198	208	204	213	214	217
<b>Totals</b>	<b>1,374</b>	<b>1,425</b>	<b>1,349</b>	<b>1,298</b>	<b>1,250</b>	<b>1,223</b>	<b>1,286</b>	<b>1,275</b>



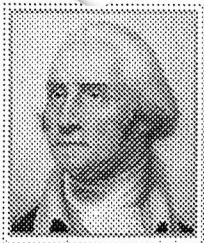


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# On-campus Graduate Enrollment Trends

## Academic Affairs

- 1996 → 2005: Master's on-campus enrollment has grown 14.1% (534 students)
- Almost half (48.9%) of the Master's on-campus enrollment increase can be attributed to the MPP program (261 students)
- 1996 → 2005: Doctoral on-campus enrollment has grown 8.3% (105 students -- centered in CCAS and GWSB) and appears to be decreasing
- Following the Doctoral Programs Review and the reconfigurations of programs, it is expected that on-campus doctoral enrollments will remain stable or decrease slightly.
- National demographics point towards an increasing population of potential students in the 22 to 25 years-old age range



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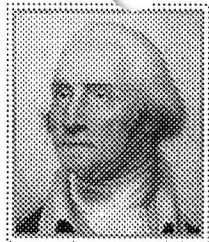
## Graduate Enrollment Data Off Campus

### Academic Affairs

Masters	2005*	2004	2003	2002	2001	2000	1999
CCAS	278/280 254/24	326/326 296/30	289/296 269/20	300/300 240/60	301/307 261/40	261 221/40	207
GWSB	610/626 610/0	532/545 531/1	542/547 542/0	543/545 543/0	548/549 546/2	397 397/0	418
SEAS	626/661 315/311	556/556 296/260	587/605 356/231	548/570 329/219	571/636 335/236	516 330/195	487
GSEHD	644/669 564/80	658/689 580/78	700/737 636/64	623/664 576/47	555/588 510/45	505 484/32	551
CPS	96/84 34/62	36/38 0/36	--	--	--	--	--
<b>Totals</b>	<b>2,254/2,320</b> <b>1,777/477</b>	<b>2,108/2,154</b> <b>1,703/405</b>	<b>2,118/2,185</b> <b>1,803/315</b>	<b>2,014/2,079</b> <b>1,688/326</b>	<b>1,975/2,080</b> <b>1,652/323</b>	<b>1,679</b> <b>1,432/267</b>	<b>1,663</b>

\*Top Row – Census/End of Term Bottom Row – Masters/Certificates





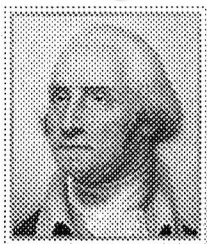
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## Graduate Enrollment Data Off Campus

### Academic Affairs

<b>Doctoral</b>	<b>2005*</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
CCAS	4/3	1/1	8/8	5/5	1/1	0	0	0
SBPM	1/1	1/1	3/2	0/0	0/0	0	0	0
SEAS	31/33	18/30	20/21	36/39	41/44	23	14	19
GSEHD	145/ 145	154/ 159	169/ 174	178/ 183	144/ 153	94	91	65
<b>Totals</b>	<b>181/ 182</b>	<b>174/ 191</b>	<b>197/ 203</b>	<b>219/ 227</b>	<b>186/ 198</b>	<b>117</b>	<b>105</b>	<b>84</b>

\*Census/End of Term



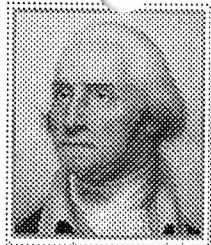
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## Graduate Enrollment Data Virginia Campus

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Academic Affairs

<b>Masters</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
SBPM	137	152	156	199	206	187	191	188
SEAS	103	119	160	123	105	100	174	170
<b>Totals</b>	<b>240</b>	<b>271</b>	<b>316</b>	<b>322</b>	<b>311</b>	<b>287</b>	<b>365</b>	<b>358</b>



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## Graduate Enrollment Data Virginia Campus

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### Academic Affairs

<b>Doctoral</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
SEAS	27	18	0	0	14	20	25	33
GSEHD	152	154	232	207	183	161	128	111
<b>Totals</b>	<b>179</b>	<b>172</b>	<b>232</b>	<b>207</b>	<b>197</b>	<b>181</b>	<b>153</b>	<b>144</b>



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## Off-campus and VA Campus Graduate Enrollment Trends

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### Academic Affairs

- 1996 → 2005: Off-campus master's enrollments have grown by 83.6% (1,026 students)
- All schools have contributed to these significant increases in off-campus master's enrollments with GWSB and SEAS more than doubling their enrollments over the last nine years
- 1996 → 2005: Off-campus doctoral enrollments have grown by 75% (78 students)
- The GSEHD is responsible for the growth in the doctoral enrollments off-campus
- 1996 → 2005: Master's enrollments at the VA Campus have decreased by 139 students (36.7% decrease) while doctoral enrollments have grown by 43 students (31.6% increase). The master's enrollment decrease reflects the difficulty of attracting students into open enrollment courses compared to cohort graduate certificate or master's degree programs.



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Academic Affairs

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## **Class sizes and distributions**





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# Course Sections

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Academic Affairs

What is the enrollment impact on the number of course sections required?

[The data that follow exclude thesis and dissertation enrollments and other “self-paced” courses, as well as any sections with <3 students (since these normally come under the heading of independent study)]



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## Distribution of Course Sections

Total = Ugrad + Grad + Other

### Academic Affairs

School	2005	2004	2003	2002	2001	2000	1999	1998
CCAS	2,098	2,108	2,041	1,996	1,991	1,821	1,812	1,733
ESIA	99	101	97	79	74	58	51	45
GWSB	349	378	387	440	447	442	432	417
SEAS	307	314	319	334	315	302	313	316
GSEHD	229	227	227	225	221	234	212	205
<b>Totals</b>	<b>3,082</b>	<b>3,128</b>	<b>3,071</b>	<b>3,074</b>	<b>3,048</b>	<b>2,857</b>	<b>2,820</b>	<b>2,716</b>



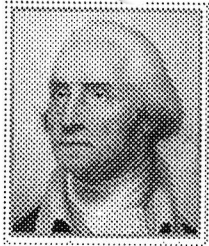


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## Distribution of Course Sections Undergraduate

### Academic Affairs

School	2005	2004	2003	2002	2001	2000	1999	1998
CCAS	1,250	1,282	1,227	1,217	1,216	1,105	1,094	1,055
ESIA	16	16	12	9	8	6	5	4
GWSB	124	136	137	143	142	121	114	108
SEAS	77	82	81	83	75	74	68	74
GSEHD	2	2	1	2	11	10	10	11
<b>Totals</b>	<b>1,469</b>	<b>1,518</b>	<b>1,458</b>	<b>1,454</b>	<b>1,452</b>	<b>1,316</b>	<b>1,291</b>	<b>1,252</b>



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## Distribution of Course Sections Graduate

Academic Affairs

School	2005	2004	2003	2002	2001	2000	1999	1998
CCAS	427	418	418	386	371	349	345	320
ESIA	69	70	70	57	53	41	37	30
GWSB	217	231	234	282	276	287	288	272
SEAS	177	181	190	199	186	175	197	187
GSEHD	227	225	226	223	209	223	200	193
<b>Totals</b>	<b>1,117</b>	<b>1,125</b>	<b>1,138</b>	<b>1,147</b>	<b>1,095</b>	<b>1,075</b>	<b>1,067</b>	<b>1,002</b>



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## Distribution of Course Sections

### Number of each Type

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#### Academic Affairs

Type	2005	2004	2003	2002	2001	2000	1999	1998
Lab/Etc.- Ugrad	487	463	458	445	475	440	436	429
Lab/Etc.- Grad	4	9	10	7	12	11	14	25
Lower	772	828	789	782	799	737	713	689
Upper	697	690	669	672	653	579	578	563
Grad	1,117	1,125	1,138	1,147	1,095	1,075	1,067	1,002
Other	5	13	7	21	14	15	12	8
<b>Total</b>	<b>3,082</b>	<b>3,128</b>	<b>3,071</b>	<b>3,074</b>	<b>3,048</b>	<b>2,857</b>	<b>2,820</b>	<b>2,716</b>



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## Distribution of Course Sections Type and Average Enrollment

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### Academic Affairs

Type	2005	2004	2003	2002	2001	2000	1999	1998
Lab/Etc.	20.4	20.2	19.9	20.2	20.3	20.1	19.5	19.3
Lower	33.9	32.5	32.6	32.7	32.6	32.0	31.9	30.2
Upper	28.4	27.9	27.9	26.3	24.9	25.2	23.1	22.5
Grad	16.6	16.1	16.2	16.2	16.4	15.7	16.0	16.3
Other	18.6	24.8	20.3	18.8	17.2	16.7	16.4	16.4
<b>Overall</b>	<b>24.2</b>	<b>23.7</b>	<b>23.5</b>	<b>23.2</b>	<b>23.1</b>	<b>22.5</b>	<b>22.0</b>	<b>21.6</b>





## Course Sections -- Conclusions

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### Academic Affairs

- 366 more sections taught in Fall 2005 compared to Fall 1998 – a 13.5% increase
- Of the 366 sections, 275 were undergraduate and 94 were graduate, with the undergraduate being 83 lower level, 134 upper level, and 58 labs/etc. Three fewer courses in the “other” category were taught in 2005 compared to 1998.
- Over the last eight years, CCAS has added 365 sections, ESIA 54, and GSEHD 24. GWSB and SEAS have fewer sections being taught by 68 and 9, respectively.
- Largest increase in lower level – 2001
- Largest increase in upper level – 2001!
- Except for upper level undergraduates (26.2% increase), class size has remained essentially stable. The growing number of course sections has compensated almost proportionately.



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Academic Affairs

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## Faculty Composition





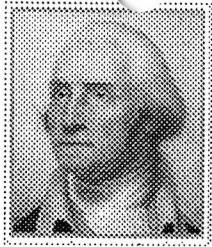
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## Regular Active Status Faculty Numbers (NTT and TT – Occupied Lines)

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### Academic Affairs

School	2005	2004	2003	2002	2001	2000	1999	1998
CSAS	410	420	412	399	392	374	371	360
ESIA	44	44	42	41	37	39	37	36
SB	122	122	118	131	130	123	120	116
SEAS	81	84	87	85	82	76	71	71
GSEHD	73	70	70	71	67	68	65	64
<b>Totals</b>	<b>730</b>	<b>740</b>	<b>729</b>	<b>727</b>	<b>708</b>	<b>680</b>	<b>664</b>	<b>647</b>



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## Regular Active Status Faculty Numbers (NTT/TT – Occupied Lines)

### Academic Affairs

School	2005	2004	2003	2002	2001	2000	1999
CSAS	102/308 24.9%	108/312	108/304	102/297	98/294	75/299	70/301
ESIA	6/38 13.6%	7/37	6/36	6/35	5/32	6/33	6/31
SB	22/100 18.0%	22/100	27/91	29/102	29/101	22/101	18/102
SEAS	5/76 6.2%	7/77	8/79	9/76	11/71	11/65	7/64
GSEHD	30/43 41.1%	29/41	30/40	29/42	26/41	26/42	25/40
<b>Totals</b>	<b>165/565 22.6%</b>	<b>173/567</b>	<b>179/550</b>	<b>175/552</b>	<b>169/539</b>	<b>140/540</b>	<b>126/538</b>



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## Regular Active Status Faculty Numbers (NTT and TT – Occupied Lines)

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Academic Affairs

School	2005	2004	2003	2002	2001	2000
CPS	3	3	2	2	0	0
Law	77	76	71	75	74	72
SMHS	89	84	84	85	87	93
SPHHS	49	50	38	38	34	29
<b>Totals</b>	<b>218</b>	<b>213</b>	<b>195</b>	<b>200</b>	<b>195</b>	<b>194</b>



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## **Regular Active Status Faculty Numbers (NTT/TT – Occupied Lines)**

Academic Affairs

<b>School</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
CPS	3/0 100%	3/0	2/0	2/0	0/0	0/0
Law	11/66 14.3%	11/65	11/60	13/62	12/62	14/58
SMHS	32/57 36.0%	32/52	32/52	30/55	31/56	41/52
SPHHS	31/18 63.3%	30/20	21/17	25/13	22/12	15/14
<b>Totals</b>	<b>77/141 35.3%</b>	<b>76/137</b>	<b>66/129</b>	<b>70/130</b>	<b>65/130</b>	<b>70/124</b>



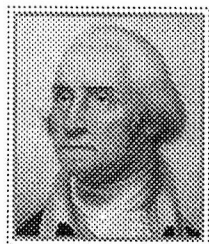
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## Limited Service Faculty Numbers (Excluding Research and Visiting)

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### Academic Affairs

School	2005	2004	2003	2002	2001
CSAS	568	572	571	534	585
ESIA	58	61	49	42	51
SB	71	83	72	80	74
SEAS	72	86	87	110	89
GSEHD	76	81	69	74	71
<b>Totals</b>	<b>845</b>	<b>883</b>	<b>848</b>	<b>840</b>	<b>870</b>



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## Limited Service Faculty Numbers

(Excluding Research, Visiting, and Affiliated)

Academic Affairs

<b>School</b>	2005	2004	2003	2002	2001
CPS	4	4	0	0	0
Law	161	138	136	106	139
SMHS	1,556	1,652	1,644	1,718	1,675
SPHHS	232	208	190	198	180
<b>Totals</b>	<b>1,953</b>	<b>2,002</b>	<b>1,970</b>	<b>2,022</b>	<b>1,994</b>





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# Faculty Trends

**(Excluding Law and the Medical Center)**

## Academic Affairs

- 1996 → 2005: Regular-Active-Status faculty members have grown by 17.7% (110)
- 1996 → 2005: R-A-S faculty members have grown by 67 in CCAS (19.5% increase), whereas ESIA has grown by 13, GWSB by 12, SEAS by 5, and GSEHD by 13
- 1996 → 2005: R-A-S NTT appointments have grown from 99 to 165, which is a 66.7% increase
- 1996 → 2005: Limited-Service faculty appointments have grown by 19.3% (137). Two very large freshman classes (2001 and 2004) led to abrupt increases (L-S faculty members teach on a per-course basis).
- Under the assumption of normal teaching loads and the above growth in the number of R-A-S and L-S faculty members, plus the coverage of the additional laboratory/recitation sections by additional GTAs, it is possible to see how the additional 366 sections of courses have been covered while almost maintaining historical class sizes.



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Academic Affairs

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Teaching Loads



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# Average AY Teaching Loads (NTT/TT)

## Academic Affairs

	<b>1994-95</b>			<b>1999-00</b>			<b>2004-05</b>	
<b>School</b>	<i>Courses</i>	<i>Hours</i>		<i>Courses</i>	<i>Hours</i>		<i>Courses</i>	<i>Hours</i>
<b>CCAS</b>	4.02/	12.00/		3.98/	11.92/		4.55/	14.35/
	3.90	11.67		3.70	11.18		3.64	11.05
<b>ESIA</b>	3.40/	10.20/		2.80/	8.40/		2.83/	7.50/
	3.57	10.71		3.24	9.68		3.28	9.90
<b>GWSB</b>	4.55/	13.64/		5.22/	14.89/		4.81/	13.62/
	4.63	13.98		4.25	11.74		4.34	12.20
<b>SEAS</b>	3.00/	9.00/		2.83/	8.50/		3.20/	8.80/
	3.97	11.82		3.48	10.30		3.78	11.07
<b>GSEHD</b>	4.47/	13.40/		3.45/	10.27/		3.86/	11.59/
	4.27	12.90		3.97	11.68		3.03	9.03



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## Number of Students Taught and by Whom (# Sect/# Students)

### Academic Affairs

<b>Fall 2004 – All Campuses</b>	<b>TT</b>	<b>NTT</b>	<b>PT/GTA/ Visitors</b>	<b>Totals</b>
<b># in each category →</b>	481	150	838	1,469
<b>CCAS/ESIA</b>	581/18,436	211/5,262	890/21,834	1,682/45,532
<b>GWSB</b>	190/5,198	58/1,311	122/2,936	370/9,445
<b>SEAS</b>	124/1,967	11/185	115/2,012	250/4,164
<b>GSEHD</b>	62/842	47/591	107/1,446	216/2,879





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## Average Teaching Load Trends

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### Academic Affairs

- Average teaching loads for TT faculty members in all schools except GWSB are less than 2-2
- GSEHD TT faculty members have the lightest teaching loads on average at 2-1 with ESIA almost at the same level
- NTT faculty members have average teaching loads ranging from 2-1 in SEAS to almost 3-2 in GWSB
- Average teaching loads for TT faculty members have become increasingly lighter over the last ten years in all schools
- The FT faculty members (TT + NTT) teach the majority of the students



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Academic Affairs

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## Academic Budget Plan for FY 07





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# Budget Planning Environment

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## Academic Affairs

- Tuition dependent environment for funding of operating budget
- Risk associated with tuition dependence reduced by strong demand at both the undergraduate and graduate levels
- Five-year characteristics
  - Undergraduate applications are up 21.6%
  - Graduate applications are up 15.6% (excluding Law, Medicine, and Public Health)



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# Budget Planning Environment

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Academic Affairs

- Five-year characteristics (continued)
  - Selectivity has improved or remains steady
    - Undergraduate (37%) by 11 percentage points
    - Graduate (51%) remains steady (Excluding Law, Medicine, and Public Health)
  - Yield
    - Undergraduate (33%) remains steady
    - Graduate (47%) is the same for Fall 04 and Fall 05 after dropping from 51% in Fall 01 (Excluding Law, Medicine, and Public Health)





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# Budget Planning Environment

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## Academic Affairs

- Three-year projected enrollment (FY 09)
  - Undergraduate (-3.5%)
  - Graduate (-1.9%) (Excluding Law, Medicine, and Public Health)

[Growth beyond these projections is constrained by available facilities to teach and house more students and the requirements of the campus plan. Limited growth is possible by more complete use of our facilities during the summer and possible expansion of our off-campus (including distance-education offerings) programs.]



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# Academic Affairs Priorities for FY 07

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## Academic Affairs

### Continued investment in the Strategic Plan

- Writing Program (WID component)
- Signature Programs
- Graduate Student Support

## Limited Service Faculty Numbers

uding Research, Visiting, and Affiliated)

2004	2003	2002	2001
4	0	0	0
138	136	106	139
1,652	1,644	1,718	1,675
208	190	198	180
<b>2,002</b>	<b>1,970</b>	<b>2,022</b>	<b>1,994</b>



# **rities from the Deans other Academic Units**

e results of the CCAS  
view

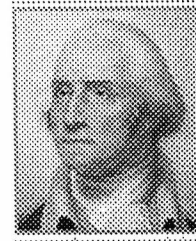
ademic excellence initiative

Ph.D. graduate aid packages  
s for the 13 existing packages

packages for expected  
ing hires to start in FY 07

1 graduate-student support  
ed by additional funding for  
e programs





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**Prio**  
**and**

## Academic Affairs

- CCAS – Advance the doctoral programs re
- ESIA – Five-year ac
- GWSB – Eight new and stipend increases
- SEAS – Two startup biomedical engineeri
- GSEHD – Additional packages accompany marketing of graduat



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# **Priorities from the Deans and other Academic Units**

## Academic Affairs

- CPS – Funding for marketing of VA Campus educational programs
- Chief Research Officer – Increased funding for the REIA, REF, and UFF: Internal “seed” funding for strategic investment in areas of strength
- Gelman Library System – Sustain FY 06 collections budget buying power for the seven signature Academic Excellence programs





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# **Priorities from the Deans and other Academic Units**

## Academic Affairs

- Academic Planning & Development – Funding to cover the evolving costs of GW's academic technology efforts including the on-going maintenance and support of the IT in our general purpose and computer classrooms and laboratories
- Graduate Studies and Academic Affairs – Salary and fringe benefits to fund the position of Director of Summer Programs
- VA Campus – Funding for cosmetic and other renovations in Building I (capital investments)



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# **Making Budget and Funding the Priorities**

## Academic Affairs

- Realistic enrollment projections with a “stretch” component
- Projected tuition increases
- Strategic reallocations within academic units and throughout the University
- Continuing the pool for new faculty lines through EVPAA “pull backs” and reallocations





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# Thank you!

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Academic Affairs

## Stock of Prestige

Measured relative to others

Defined by faculty and insider desires

Depreciates slowly

A rival good

Zero-sum game

## Stock of Reputation

Measured in absolute terms

Defined by customer desires

Depreciates rapidly

A non-rival good

Positive-sum game

Although the minutes of the Faculty Senate's Special Meeting on the University Budget held on February 3, 2006 are in production, please find below the questions provided to Vice Presidents Katz, Chernak, and Lehman prior to the meeting. The reports presented by the Vice Presidents are also accessible on the Senate Website by selecting the indicated link.

The following questions were posed to the Vice Presidents for discussion at the Special Meeting:

**For Executive Vice President and Treasurer Katz:**

1. Would you briefly review the main budget factors driving the currently estimated "gap", using the cross-budget-year comparisons?
2. We would like you to focus some attention on the items below the line: "Other (Decreases) Increases in Net Assets", which make our "Operating Surplus" disappear and turn negative.
3. Would you briefly address the constraints and potential built into our overall budget situation in the out-years, until revenue from the Sq 54 project is realized? For example, after FY07, will it no longer be necessary to set aside \$6m in your tuition reserve? Do you see any potential for savings from a bond issue or other restructuring of our large debt burden?

**TO VIEW VICE PRESIDENT KATZ'S REPORT AND ITS EXHIBIT, SELECT THIS LINK:**

**For Senior Vice President for Student & Academic Support Services Chernak:**

1. Would you review for us the implications of lowering the UG "discount rate" from its current level, to realize more net from tuition?
2. Would you briefly review the categories of expenditures in your division's budget, and any decreases in expenditures that you are able to foresee here?

**TO VIEW VICE PRESIDENT CHERNAK'S REPORT, SELECT THIS LINK:**

**For Executive Vice President for Academic Affairs Lehman:**



1. **Would you please explain the drops in enrollment which are largely responsible for the decrease in expected revenue?**
2. **Would you also address the role that expenditures for “strategic initiatives” are expected to play in FY07 and future years?**

**TO VIEW VICE PRESIDENT LEHMAN’S REPORT, SELECT THIS LINK:**

**QUESTIONS POSED TO THE VICE PRESIDENTS FOR DISCUSSION AT  
THE SPECIAL MEETING OF THE FACULTY SENATE, FEBRUARY 3, 2006**

**For Executive Vice President and Treasurer Katz:**

1. Would you briefly review the main budget factors driving the currently estimated "gap", using the cross-budget-year comparisons?
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THE FACULTY SENATE

January 24, 2006

There will be a SPECIAL MEETING OF THE FACULTY SENATE ON FRIDAY, FEBRUARY 3, 2006, AT 3 P.M. IN THE MARVIN CENTER, ROOM 405, called by the President at the request of the Executive Committee, as directed by the Faculty Senate, for the purpose of discussing the FY 2007 University Budget.

AGENDA

1. Call to order
2. Current State of the Development of the FY 2007 Budget and the "Gap":  
Executive Vice President & Treasurer Louis H. Katz (15 minutes)
3. Role of Financial Aid with respect to our Recruitment and Retention of Students:  
Senior Vice President for Student & Academic Support Services Robert A. Chernak  
(15 minutes)
4. State of Academic Affairs -- Data, Academic Priorities, and Impact on Strategic  
Academic Priorities: Executive Vice President for Academic Affairs Donald R.  
Lehman (15 minutes)
5. Discussion, Questions, and Suggestions
6. Adjournment

*Elizabeth A. Amundson*  
Elizabeth A. Amundson  
Secretary